



Dairy Markets at a Glance

Agricultural Marketing Service
Dairy Market News

Report 47

November 22, 2023

MMN Slug ID 1054 / Slug Name: MD_DA950

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CME GROUP CASH MARKETS (11/22)

BUTTER: Grade AA closed at \$2.5000. The weekly average for Grade AA is \$2.5158 (-0.1067).

CHEESE: Barrels closed at \$1.4400 and 40# blocks at \$1.5900. The weekly average for barrels is \$1.4817 (-0.1713) and blocks, \$1.5933 (-0.0287).

NONFAT DRY MILK: Grade A closed at \$1.1850. The weekly average for Grade A is \$1.1833 (-0.0232).

DRY WHEY: Extra grade dry whey closed at \$0.3975. The weekly average for dry whey is \$0.3992 (-0.0128).

BUTTER HIGHLIGHTS: Cream volumes are looser, and spot load availability has improved across all regions of the country. The current holiday week has continued to improve cream supplies for butter production. Bulk butter production schedules are busier as more manufacturers reach comfortable levels of retail inventories for the November/December holiday season. In the central region, plant schedules still involve more micro-fixing than during a normal holiday timeframe. Butter production is mixed nationwide. While production schedules are generally steady to stronger in the East and West regions, central butter makers say they are hesitant to add the abundant cream to the churns. Some manufacturers note planned downtime during the current holiday week. Bulk butter overages range from 2 to 9 cents above market, across all regions.

CHEESE HIGHLIGHTS: Strong milk volumes continue to clear into Class III processing in the East. Retail demand is steady to stronger, while foodservice demand is down due to restaurant downtime for Thanksgiving as well as high menu prices. In the Central region, holiday downtime at certain plants has freed up milk production, and spot milk prices were reported below Class for the first time in months. In some areas, spot milk loads are trading for 25 cents over Class. Bearish trends on industry cash exchanges have enticed some customers to purchase beyond near term needs. In the West, cheese inventories are noted to be comfortable, though spot demand of some cheese varieties is said to be tighter than in recent weeks. In certain areas of the West, spot loads of milk are also said to be tight. Retail demand is steady to stronger. Industry sources relay international demand is light for the time being.

FLUID MILK: Aside from California, milk production is steady to higher throughout the country. Stakeholders in California reported milk production as flat to slightly lower for this week compared to last week. In the Midwest, spot milk prices have decreased to \$2.50 under Class during the holiday week. Class I demand is lighter with educational institutions going through holiday breaks this week. Class II, III, and IV demands are strong to steady with some manufacturing facilities planning downtime for the holiday week. Condensed skim milk availability is growing. However, some stakeholders note less activity from spot load buyers this week. Cream multiples for all Classes are 1.00-1.18 in the East, 1.00-1.25 in the Midwest, and 1.10-1.34 in the West.

DRY PRODUCTS: Low/medium heat nonfat dry milk (NDM) prices were unchanged. End users are not shying away from the market at current values. Aside from a slight movement lower at the bottom of the western high heat range, prices held firm. High heat NDM markets were quieter this holiday week. Dry buttermilk prices held steady. Dry buttermilk demand has been outpacing supplies for much of Q4. Dry whole milk prices moved down on both ends of the price range. Most dry whole milk production is to prepare inventories for contractual purchasing. Dry whey prices held steady. Current market tones are neutral. Whey protein concentrate 34% prices showed some upward movement. Demand for WPC 34% is strong, as loads of WPC 34% remain a good value compared to alternative dairy protein sources. Lactose prices moved higher on both ends of the price range. Lactose inventories are available but growing tighter. Both acid and rennet casein prices were unchanged. Demand for acid casein is steady to higher in Oceania, but stakeholders say international demand is lackluster. Rennet casein demand is holding steady in Europe, contacts also note consistent sales to customers in international markets.

INTERNATIONAL DAIRY MARKET NEWS: WESTERN EUROPE: Weekly milk volumes are fast approaching the low point for the year. As such, market participants are trying to figure out the impact future milk production may have on dairy markets. Recently, Algerian authorities published a notice indicating milk powders are now required to have Halal certification from Grande Mosque of Paris. A cow with bluetongue disease has been identified within the United Kingdom. For the last month Dutch and Belgian farmers have struggled to contain a bluetongue disease outbreak within farms. As a result, China has banned imports of cow and sheep animals and products from the Netherlands and Belgium. **EASTERN EUROPE:** Some Eastern European countries continue to experience milk output increases for the year. After years of limited discussions regarding European Union enlargement, the European Commission adopted the 2023 enlargement package. The package documents the progress made by candidate countries and would allow those countries to proceed further in their applications to EU membership, if certain objectives are met. The commission recommended accession talks begin with Ukraine and Moldova, and Georgia be granted official candidate status.

OCEANIA OVERVIEW: AUSTRALIA: Recently released data concerning milk production in Australia showed a growth in output during October. Industry sources also indicate an uptick in average daily deliveries of milk in Australia during the month of August. A larger dairy processor in Australia is investing in some plants in the country but is currently concerned recent market conditions will cause them to sell one manufacturing site. **NEW ZEALAND:** In New Zealand daily milk deliveries in August were down from a year ago, as extreme weather during the month and difficult pricing had a negative impact on farmers in the country. Proposed land and water rules in Northland are being considered, which industry sources say will affect water allocation and rules regarding discharge to land. A large New Zealand cooperative recently announced a plan to reduce their farm-related emissions by 30 percent from 2018 numbers by 2030. The



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cooperative announced it aims to achieve this goal through improving farming practices and through the use of new technologies which can be efficient in reducing agricultural emissions.

SOUTH AMERICA OVERVIEW: Crop planters in Brazil, namely soybean and safrinha (second) corn crop farmers, are meeting hurdles at the moment. They are contending with "uneven" moisture levels, but dryness is reportedly a larger concern than the alternative. Contacts in Brazil say hearty crop yields are pertinent to growing dairy output and limiting reliance on importing dairy/milk products. Importers in the largest continental country relay market prices within the region, despite some teetering global markets, are holding firm for dairy commodities, namely whole milk powder and cheese. Milk supplies have kept inventory checks on a litany of dairy products. That said, some traders in the region say there could be some stores available for end-of-year sales. They also say, though, that suppliers are unlikely to make aggressive moves, due to overall inventory limitations. The topic du jour in Argentina is that the election results have been tallied. Argentinian and regional/international trading marketers are expecting forthcoming fiscal changes under the new president.

NATIONAL RETAIL REPORT: On the shortened holiday week, total conventional dairy advertisements were 40 percent lower than week 46, while organic ad totals decreased by 43 percent. Despite fewer ads surveyed because of the weekday holiday, a few dairy items' ad totals moved higher week over week. Conventional eggnog half-gallons and conventional flavored milk gallons, both seasonal favorites, moved higher this week. Still, conventional ice cream in 48- to 64-ounce containers maintains the top spot for ad numbers this week, while Greek yogurt in 32-ounce containers is the most advertised organic dairy item, ahead of the usual organic leader, half-gallon milk.

OCTOBER MILK PRODUCTION (NASS): Milk production in the 24 major States during October totaled 17.9 billion pounds, down 0.4 percent from October 2022. September revised production, at 17.5 billion pounds, was up 0.1 percent from September 2022. The September revision represented an increase of 17 million pounds or less than 0.1 percent from last month's preliminary production estimate. Production per cow in the 24 major States averaged 2,013 pounds for October, 3 pounds below October 2022. The number of milk cows on farms in the 24 major States was 8.91 million head, 19,000 head less than October 2022, and 5,000 head less than September 2023.

AUGUST MAILBOX MILK PRICES (FMMO): In August 2023, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$18.95 per cwt, up \$2.34 from the July 2023 average and down \$4.59 per cwt from the August 2022 average. The component tests of producer milk in August 2023 were: butterfat, 3.97%; protein, 3.16%; and other solids, 5.78%.

DECEMBER ADVANCED CLASS PRICES BY ORDER (FMMO): The base Class I price for December 2023 is \$19.76 per cwt, an increase of \$0.01 per cwt when compared to November 2023. A Class I differential for each order's principle pricing point (county) is added to the base price to determine the Class I Price. For December 2023, the advanced Class IV skim milk pricing factor is \$9.08 per cwt, the Class II skim milk price is \$9.78 per cwt, and the Class II nonfat solids price is \$1.0867 per pound. The two-week product price averages for December 2023 are: butter \$3.0225, nonfat dry milk \$1.1868, cheese \$1.7486, and dry whey \$0.3869.

NOVEMBER RETAIL PRICES (FMMO): November 2023 Highlights: U.S. simple average prices are: \$4.34 per gallon for conventional whole milk, \$4.28 per gallon for conventional reduced fat 2% milk, \$4.85 per half gallon organic whole milk, and \$4.85 per half gallon organic reduced fat 2% milk.

NOTICE: USDA Commodity Procurement has issued solicitations for the following dairy products: Evaporated and Ultra-High Temperature Milk Products: The solicitation number is 2000009721 and runs from November 22, 2023, to December 6, 2023. Solicitation documents, including the bid invitation, are available online at the following website: <https://www.ams.usda.gov/selling-food/solicitation>: under the Dairy Products tab.

NOTICE: The Federal Milk Marketing Order Pricing Formula Hearing recessed on October 11 and will reconvene on November 27, 2023, at 1:00 p.m. at the 502 Event Center, 502 E Carmel Drive, Carmel, Indiana. If the hearing is not completed by December 1, the hearing will reconvene at the Palomino Ballroom, 481 South County Road 1200 East, Zionsville, Indiana. With the exception of Monday, November 27, the hearing will be held from 8:00 a.m. until 5:00 p.m. each weekday. A notice reiterating this information and outlining hearing procedures for the reconvened weeks was published in the Federal Register on November 6, 2023. For more information about the hearing, visit the following: <https://www.ams.usda.gov/rules-regulations/moa/dairy/hearings/national-fmmo-pricing-hearing>. If you have any questions, please email FMMOHearing@usda.gov.

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